

# ***CITY COUNCIL***

## ***Finance, Audit & Budget Committee***

**Monday, April 15, 2012**

**5:00 pm**

**City Council Office**

The Budget and Finance Committee's responsibilities include Annual Budget Review, Capital Improvement Programs, Financial Reports, Taxes (Rates, exonerations and exemption appeals), Fee Assessments, Review of Budget & Financial Reports, oversight of the City's external auditing, internal controls and any other financial or business practices, and reviewing the work of the City Auditor.

**Committee Members:** Donna Reed (Chair), Randy Corcoran (Vice-Chair) and Dennis Sterner

*Although Council committee meetings are open to the public, public comment is not permitted at Council Committee meetings. However, citizens are encouraged to attend and observe the meetings. Comment from citizens or professionals during the meeting may be solicited on agenda topics via invitation by the Committee Chair.*

*All electronic recording devices must be at the entry door in all meeting rooms and offices, as per Bill No. 27-2012*

### **I. Review Monthly Reports**

- **IT** – every other month starting in May
- **CSC** – every other month starting in June
- **CDBG** – funds expended & un-programmed quarterly starting in July
- **Review Finance Reports**
  - 2013 Property and Assessment Report
  - Income Statement YTD
  - Income Statement Projection
  - Review Expenditures/Revenues
  - Cash Flow Projection
  - Review Bank Statement Activity
  - Review Transfers
  - Contingency Account/Fund re beginning balance and YTD balance
  - Quarterly Budget Review – starting in August
  - Quarterly Pension Reports – starting in May
  - Quarterly Delinquent Collection Reports – starting in June

## **II. Legislative Review**

- Overview of the changes being made to the four (4) City Pension Plans

## **III. Continue January Discussion**

- Create Defined Contribution Plan for new hires

## **IV. Land Value Tax Next Steps – May 6<sup>th</sup> COW**

## **V. Update from City Auditor re Internal Audits**

- Compliance-transfers
- Update on the status of all capital projects currently underway
- Select audits for 2013

## **VI. CIP Committee Process**

## **VII. EMS – D. Hollinger & J. Conrad** *(moved to PW/PS as per Man Dir)*

## **FOLLOW UP ISSUES**

### **2013 Finance Committee Topics**

#### **January**

1. Library Tax Referendum
2. Library Tax Funding
3. Review and Amend Lease Agreements for City owned properties used by outside organizations
4. Create Defined Contribution Plan for new hires

#### **February**

1. Land Value Tax – Presentation from Josh Vincent scheduled for Feb Work Session
2. Quarterly Review of External Auditor Findings – Report from Audit Committee
3. Update Delinquent Fee Collection

#### **March**

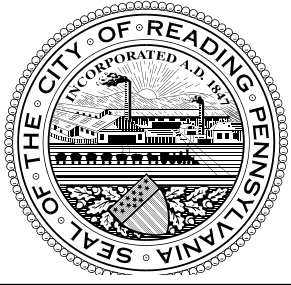
1. Land Value Tax Discussion
2. Quarterly review of 2013 Budget
3. Cost of EMS Services and EMS Transportation
4. Explore outsourcing EMS to other municipalities

#### **April**

1. Asset Inventory
2. CIP Committee process

#### **May**

1. Street Light or Street Assessment
2. Review and assess use of City, and Authority funds to provide best benefit
3. Procurement Policy Update



# *CITY COUNCIL*

## *Finance Committee*

### **Meeting Report Monday March 18, 2013**

**Committee Members Attending:** D. Reed, Chair; R. Corcoran, Vice Chair; D. Sterner

**Others Attending:** F. Acosta, J. Waltman, M. Goodman-Hinnershitz, S. Marmarou, D. Cituk, C. Younger, C. Zale, L. Kelleher, M. Kantner, M. Bembenick, V. Spencer, H. Tangredi, B. Rivera, S. Katzenmoyer, E. Lloyd

Ms. Reed called the Finance Committee meeting to order. The Committee met as a Committee of the Whole.

#### **I. REVIEW CSC AND IT MONTHLY REPORT**

- CSC Report

Ms. Kantner reviewed the report showing counter activity. She stated that this represents activity from July 2012 to present. She stated that she had difficulty finding this information under past managers. She also reviewed the report showing progress on SR numbers and the total number of calls handled in 2012.

Mr. Waltman thanked Ms. Kantner for the information. He noted the need for an executive summary and issues that are being handled only a monthly basis. Ms. Kantner stated that the duties of the CSC fluctuate based on City projects. She stated that she will add these items to her report.

Ms. Reed stated that she appreciates the breakdown by Council district.

Mr. Bembenick stated that the CSC is currently working to address delinquent fees.

Mr. Tangredi explained that the RFP process is complete. He stated that there are several issues being resolved and the data is being reviewed. He noted the need to transmit correct information. He stated that Codes will also review the information for accuracy. He stated that they will begin with 2012 and will work backward.

- IT Report

There were no questions or comments.

## II. LEGISLATIVE REVIEW

None

## III. CONTINUE JANUARY DISCUSSION

- Library Tax Referendum Question

No update

- Defined Benefit Contribution Plan for New Hires

No update

## IV. FEBRUARY DISCUSSION

- Land Value Tax

No update

- Auditor's Report

No update

- Micro Loans

No update

## V. REVIEW FINANCE REPORTS

- Transfers/Compliance Transfers

Mr. Zale stated that Council recently approved an additional \$1 million transfer from the General Fund to the Solid Waste Fund for operational costs. He stated that 16% of the year has passed. He explained that Car Tech was successful in their assessment appeal and that it results in a \$44,000 reduction in City property taxes. Ms. Kantner stated that Car Tech appeals their assessment often.

Mr. Zale stated that there has been an increase in legal fees related to the Charter Board and Charter Board appeals. He stated that both Police and Fire will have overtime costs.

Ms. Reed questioned using the contingency fund to cover these expenses. Mr. Zale stated that the contingency fund cannot be used. He stated that the contingency has been set aside pending the results of the retiree medical insurance issue. Mr. Bembenick stated that contingency can only be looked at after this issue is resolved.

Ms. Reed questioned how to address overtime costs. Mr. Bembenick stated that there are under-budgeted overtime costs annually. He stated that there will need to be other budget funds not spent or spent on a lesser basis to cover the increase in these costs.

Ms. Reed questioned controls on legal fees. Mr. Bembenick deferred to Mr. Younger. Mr. Younger stated that letters have been sent to the City's outside Counsel describing new guidelines. He stated that there have been no responses to date. He explained that his office is clamping down on what is

billable and stated that he will deny payment if the guidelines are not followed.

Ms. Goodman-Hinnershitz requested regular status updates on this issue.

Mr. Younger stated that Mr. Lachat worked long and hard on this issue and went above and beyond.

Mr. Corcoran questioned what would occur if other areas are not cut and legal and overtime expenses continue. Mr. Bembenick stated that discretionary spending on items such as vehicles, IT upgrades, etc would be eliminated.

Mr. Marmarou questioned when Council would be updated on the retiree medical issue. Mr. Bembenick stated that the issue is currently before an arbiter. Mr. Cituk stated that the hearing will be held within the next few weeks.

- Quarterly Review of 2013 Budget

Mr. Bembenick stated that there are several concerns for potential overspending. He distributed a spreadsheet showing the concerns which include personnel costs in the Managing Director's office, the cost of gasoline, and Police and Fire overtime.

Mr. Sterner questioned the causes of Police overtime. Chief Heim stated that there are currently 168 officers. Five of those officers are still in the Academy and seven are in field training. He stated that these 13 members of the force are unable to work alone as they have not completed the required field training. In addition, there are several homicide cases being heard in court and court overall contributes to overtime as 2/3 of the force does not work day shift and all court cases are heard during the day.

Mr. Waltman requested an executive summary of the issues and the plans to mitigate the issues. Mr. Bembenick stated that he is keeping updated on issues facing the City.

Mr. Murin arrived at this time.

Ms. Reed noted Council's concern with not receiving quality information in past years.

Mr. Acosta noted that the Court system overall is not respectful of others' time.

Ms. Goodman-Hinnershitz suggested that this issue be brought to the attention of the County Criminal Justice Advisory Board. She noted the need for the Courts to understand the costs to the City when hearings are not held as scheduled or are changed at the last minute.

## **VI. CDBG REPORT**

Mr. Lloyd distributed a memo describing the impact of the federal sequester on the City. He stated that Mr. Agudo was confused about the UDAG information requested from 2009.

Mr. Acosta questioned how the decrease in federal funding would be met. Mr. Lloyd stated that there

will be a 5% reduction across the board. He stated that the external groups receiving funding will be notified of the decrease and that additional information will be given to Council as it is received.

Mr. Corcoran questioned if there are unprogrammed funds which can be used to absorb some of the 5% reduction. Mr. Lloyd stated that this issue must be reviewed further. He stated that disbursements may be reduced by 5%.

Mr. Waltman expressed the belief that most line items can absorb the decrease.

Mr. Jones stated that he has several projects utilizing CDBG funds. He stated that generally his projects come in under budget but that he cannot determine that at this time.

Mr. Acosta noted the need to inform all external groups of the reductions.

Ms. Goodman-Hinnershitz noted the need for consistent information. She stated that the City can no longer depend on federal funds being sustained. She stated that the City has become dependent.

Mr. Marmarou suggested notifying the external groups but not to include a number as there may be unprogrammed funds available.

Mr. Acosta agreed with Ms. Goodman-Hinnershitz. He stated that 30% of the City is exempt from property taxes and the City's tax base continues to decline.

Mr. Zale reminded all of the deficit the City is facing in 2015.

## **VII. COST OF EMS SERVICES AND TRANSPORTATION AND POSSIBLE OUTSOURCING OF CITY EMS SERVICES TO OTHER MUNICIPALITIES**

Mr. Lloyd stated that EMS is working on their fees and ordinance updates. He stated that they will be brought to Council after they are prepared. He stated that a work group will be formed.

Mr. Spencer stated that Mr. Kersley will be heading the project.

Ms. Goodman-Hinnershitz expressed her willingness to serve as Council representative.

The meeting adjourned.

*Respectfully submitted by  
Shelly Katzenmoyer, Deputy City Clerk*

**FOLLOW UP ITEMS:**

**March**

4. Quarterly Review of External Auditor Findings – Report from Audit Committee
5. Police and Fire Pension – plan/strategy involving auditor, legal team and administration to change the pension process legislatively
6. Update Delinquent Fee Collection
7. CD Report – Spent vs. Unspent CDBG Funds
8. New Collections – Amnesty Program Updates
9. Update on possible disbandment of the RAWA
10. Quarterly Review of 2013 Budget
11. Cost of EMS Services and EMS Transportation
12. Explore outsourcing EMS to other municipalities

**April**

3. Asset Inventory
4. CIP Committee process

**May**

4. Street Light or Street Assessment
5. Review and assess use of City, and Authority funds to provide best benefit
6. Report showing results of Threshold Plan with implementation of new guidelines



The 2013 property and assessments provided by the county has been received. The attached scanned document is a summary of the report.

The good news:

The actual **taxable** assessed value, \$1,429,619,200, is within \$78,600 of the budgeted 2013 assumption of \$1,429,540,600; impact of a potential \$1,100 added property tax revenue, so no surprise.

The not so good news:

The actual **total** assessed value increased \$937,000 compared to 2012; however, \$858,400 is non-taxable, so the increase in this assessment will not provide added property tax revenue.

2013 non-taxable assessment	\$668,698,300	31.9% exempt of total assessment, \$2,098,317,500
2012 non-taxable assessment	667,839,900	31.8% exempt of total assessment, \$2,097,380,500
Increase in non-taxable	\$858,400	(If taxable, added property tax revenue would be \$13,467)

Number of properties:

No change in the number of taxable properties, 25,867 parcels. A very slight reduction, 8, of non-taxable parcels from 905 in 2012 to 897 in 2013.

Overall 2013 comparison to budgeted property tax:

	Mils	Estimate	Budget	Difference
Shade tree	0.200	\$253,518	\$254,458	\$(940)
General Fund	15.489	19,708,557	19,706,517	2,040
Total	15.689	\$19,962,075	\$19,960,975	\$1,100

(Note: Assumed collection rate is 89% for both estimate and budget. I will review the actual delinquent and collection rate for 2012. Also, need to discuss with county how to improve collection rate.)

Christian F. Zale

Controller

815 Washington Street

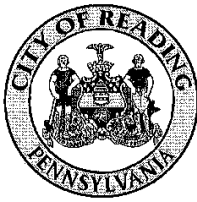
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## CITY OF READING, PENNSYLVANIA

**CHRISTIAN F. ZALE**  
**CITY CONTROLLER**

ADMINISTRATIVE SERVICES  
ROOM 2-41  
815 WASHINGTON STREET  
READING, PA 19601-3690  
(610) 655-2586  
Chris.Zale@readingpa.org

March 21, 2013

Mathew Bembenick, Director of Administrative Services  
815 Washington Street  
Reading, PA 19601

Dear Mr. Bembenick:

The following figures are for the City's Property and Assessments for the 2013 tax year. They are based on the county controlled assessments provided to the City on February 2013.

	<u>Assessments</u>	<u>Total Bills</u>	(Millage of 15.689) <u>Total Gross Tax</u>
Total	\$2,098,317,500	26,764	\$32,920,503
Less: Exemption	660,197,600	827	10,357,840
Utility Exempt	1,227,300	43	19,254
Utility taxable	7,273,400	27	114,111
Taxable	<u>\$1,429,619,200</u>	<u>25,867</u>	<u>\$22,429,298</u>
Less Abated:	\$ 0	0	\$ 0
Plus: Taxable Abatement	\$ 0	0	\$ 0
Actual Billing	<b>\$1,429,619,200</b>	<b>25,867</b>	<b>\$22,429,298</b>

Respectively,

Christian F. Zale  
City Controller

Cc: D. Cituk, City Auditor  
M. Kantner, Citizens Service Center Manager  
C. Snyder, Managing Director



FAX: (610) 655-6427

2013 CITY PROPERTY  
Tax duplicate provided by County of Berks as of 2/13

CLASS	CLASSIFICATION	# OF PROPERTIES	TOTAL ASSESSMENTS	TAXABLE ASSESSMENT	NONTAXABLE ASSESSMENT	NONTAX PROPERTIES
R	RESIDENTIAL	22,938	955,452,900	955,452,900		
A	APARTMENT	48	60,125,700	60,125,700		
F	FARM	1	627,000	627,000		
C	COMMERCIAL	2,651	299,371,100	299,371,100		
I	INDUSTRIAL	227	103,059,500	103,059,500		
E	EXEMPT	827	660,197,600		660,197,600	827
UE	UTILITIES EXEMPT	43	1,227,300		1,227,300	43
IA	INDUSTRIAL AUTHORITY	2	10,983,000	10,983,000		
UT	UTILITY TAXABLE	27	7,273,400		7,273,400	27
	TOTAL	26,764	2,098,317,500	1,429,619,200	668,698,300	897
	NONTAXABLE	897	668,698,300		31.9% exempt	
	TAXABLE	25,867	1,429,619,200			
	Prior Year (2012)	25,867	2,097,380,500	1,429,540,600	667,839,900	905
	Change: Increase /(Decrease)	0	937,000	78,600	31.8% exempt 858,400	(8)

TAX UNIT DISTRICT 01

CLASSIFICATION	TOTAL PARCELS	TOTAL CARDS	MARKET LAND	PREF ELIG LAND	INELIG LAND	MAIN BLDG VALUE	OBV VALUE	ASSESSED VALUE	MARKET VALUE
R RESIDENTIAL	22938	23011	291286300	0	291286300	654996600	9170000	955452900	955452900
A APARTMENT	48	87	9829700	0	9829700	49528500	767500	60125700	60125700
F FARMS	1	2	99500	800	87700	527800	10700	627000	638000
C COMMERCIAL	2651	2897	98875400	0	98875400	193711800	6783900	299371100	299371100
I INDUSTRIAL	227	405	21636700	0	21636700	76093600	5329200	103059500	103059500
E EXEMPT	827	992	97788500	0	97788500	556258900	6150200	660197600	660197600
UE UTILITY EXEMPT	43	43	1227300	0	1227300	0	0	1227300	1227300
FC FARM/COMMERCIAL	0	0	0	0	0	0	0	0	0
IA INDUSTRIAL AUTHORITY	2	4	2104100	0	2104100	8871500	7400	10983000	10983000
CA COMMERCIAL ABATED	0	0	0	0	0	0	0	0	0
UT UTILITY TAXABLE	27	41	2274700	0	2274700	4804100	194600	7273400	7273400

TOTAL = 2,098,317,500

BERKS COUNTY, PA 2012  
 ABSTRACT OF APPRAISED VALUES

TAX UNIT DISTRICT 01

CLASSIFICATION		TOTAL PARCELS	TOTAL CARDS	MARKET LAND	PREF ELIG LAND	INELIG LAND	MAIN BLDG VALUE	OBV VALUE	ASSESSED VALUE	MARKET VALUE
E+U	TOTAL E, UE, UT & CA	897	1076	101290500	0	101290500	561063000	6344800	668698300	668698300
\$\$\$	TOTAL TAXABLE \$\$\$	25867	26406	423831700	800	423819900	983729800	22068700	1429619200	1429630200

TOTAL = 2,098,317,500

EXEMPT

Taxable

TOTAL PARCEL COUNT - 25,867  
COUNTY - \$10,539,152.25

TOTAL ASSESSED VALUE - \$1,429,619,200  
TWP/BORO - \$22,629,297.50

TOTAL TAX AMOUNT (FLAT) - \$32,968,469.75

Taxable Value

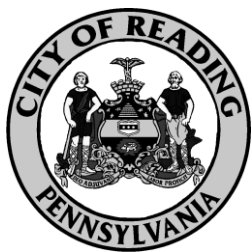
15.689 Mills

Tax Revenue

MILLS  
Shade Tree Fund 0.200 1.27% of RE Tax Revenue  
General Fund 15.489 98.73%  
TOTAL 15.689 100.00%

2013 BUDGET 89% Assumption  
Collection Rate

Estimate	2013 Budget	% Δ
Shade Tree Fund 253,518	254,458	(0.4%)
General Fund 19,708,557	19,706,517	0.01
19,962,075	19,960,975	0.006



CITY OF READING,  
PENNSYLVANIA

MEMORANDUM

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**TO:** City Council, David Cituk  
**FROM:** Christian F. Zale, City Controller  
**DATE:** March 25, 2013  
**SUBJECT:** Schedule of Transfers -March 2013

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The following transfers occurred in March 2013 as specified in the 2013 council approved budget:

To General Fund (01):

**Indirect Cost:** CD (32) \$23,541.42; Sewer (54) \$88,870.17; Recycling (56) \$21,241.33; Trash (56) \$4,083.67; Water (50) \$20,833.33

**Transfers:** Sewer (54) \$250,000.00; Water (50) \$414,166.67  
Water RAWA Act 47: \$125,000.00

**Meter Surcharges:** Water (50) \$141,666.67

To Water Fund (50):

Meter Reading Cost: Sewer (54) \$15,000.00; Billing Cost: Sewer (54) \$25,000.00  
RAWA Lease Agreement: From RAWA \$724,789.00

To Self Insurance (52):

Sewer (54) \$47,630.67; Water (50) \$8,200.67; General (01) \$219,665.33; Recycle \$7,008.67

**Corrections:**

None

**Additional Transfers:**

\$1,000,000.00 General Fund (01) to Solid Waste (56)

**Other Transfers:**

None

These transfers are reflected in March trial balance. Also, the related cash has been transferred among the various funds; thus, no impact in the DT/DF accounts. This activity has been confirmed by the City Auditor.

